

RETIREMENT GOAL-SETTING WORKSHEET

As you develop a retirement strategy, consider all your sources of retirement income, including your WRS pension benefit, Social Security benefits, and your personal savings and investments. This worksheet is designed to help you estimate how much retirement income Social Security and your employer-sponsored pension benefit(s) will provide, and how much you need to provide through the Deferred Compensation Plan and other investments in order to achieve financial security during retirement.

Step 1: How much retirement income will you need?

	You	Example
A. What is your current annual income before taxes?		\$30,000
B. What percentage of your current income will you need during retirement? Many financial advisers suggest you will need at least 70% to 90% of your current income, depending on family medical history, how active you plan to be during retirement, etc. You may want to target 100% or more if you are young or have not reached your prime earning years as this worksheet is based only on current salary.		90%
C. Multiply row A by row B. Example: $\$30,000 \times .90 = \$27,000$		\$27,000

Step 2: How much retirement income could Social Security provide?

D. Many financial advisers say Social Security may replace only 20% to 40% of your current income.				30%
The Social Security Administration provides the guidelines listed in the table. <i>*Based on a birth date of 9/3/1959. Source: Social Security Administration benefit calculator, Feb. 2011.</i> For a more accurate estimate, call the Social Security Administration at 1-800-772-1213 or visit http://www.ssa.gov . Social Security may undergo changes in the future. It is up to you to decide how much to rely on it when considering income you may need during retirement.	Current Annual Income	Percentage Social Security may replace at age 62*		
	\$20,000	38%		
	\$50,000	27%		
	\$70,000	21%		
	\$100,000	17%		
E. Multiply row A by row D. Example: $\$30,000 \times .30 = \$9,000$				\$9,000

Step 3: How much retirement income could your pension provide?

F. Enter the percentage of your current income that your pension benefit will replace. Many pension plans base benefits on a person's age, years of service, and final average pay. Typically, the longer your service record and the more you earn, the higher your pension benefit will be. Use the table below to approximate your potential pension income replacement percentage or visit retirement.wyo.gov for online calculators. Example: 15 years of service x 2.00% = 30%							30%
Multiply the years of service you will have in your pension plan at retirement age by the figure below to estimate your pension income replacement percentage.							
Public Employee Tier 1	Public Employee Tier 2	Law Enforcement	Warden, Patrol & DCI	Paid Fire B	Guard Firefighter	Judicial	
2.125% years 1-15 2.25% years 16+	2.00%	2.50% (75% ceiling)	2.50% (75% ceiling)	2.80% (70% ceiling)	2.50% (75% ceiling)	varies	
G. Multiply row A by row F. Example: \$30,000 x .30 = \$9,000							\$9,000

Step 4: How much retirement income do you need to provide?

H. Do you have a retirement income gap? Begin with the amount in row C and subtract the amounts in rows E and G. Example: $\$27,000 - \$9,000 - \$9,000 = \$9,000$. If the result of this calculation is a positive number (as shown in the example), this is the annual amount your personal investments must provide. Continue to row I on the next page to estimate the size your personal nest egg must be to make up this gap. If the result of the calculation is a negative number, your estimated Social Security and pension benefits will meet or exceed your estimated retirement income needs. You are finished with this worksheet.		\$9,000
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							You	Example		
Step 4 Continued: How much retirement income do you need to provide?										
I. Estimate the size your personal nest egg must be in today's dollars to fill your retirement income gap. The more years you will be retired, the more money you'll need to provide. Multiply row H by the appropriate factor shown below. Example: \$9,000 x 22.8 = \$205,200. <i>Note: These factors assume your money will grow at a tax-deferred rate of 5% during retirement, and inflation will be 3%. At the end of those years, your balance is \$0.</i>				Number of Years You Expect to be Retired		Multiplication Factor			\$205,200	
				20		16.7				
				25		19.9				
				30		22.8				
J. Estimate the size your personal nest egg must be after you account for inflation. Inflation decreases spending power. To ensure your nest egg has the same spending power it would have today, it must be converted into "future" dollars. The amount in this box is how much you must provide through your personal savings and investments, such as the Deferred Compensation Plan. Multiply row I by the appropriate factor shown in the table to the right. These factors assume a 3% inflation rate. Example: \$205,200 x 1.8 = \$369,360.				Number of Years Until You Retire		Multiplication Factor			\$369,360	
				5		1.2				
				10		1.3				
				15		1.6				
				20		1.8				
				25		2.1				
				30		2.4				
Step 5: How much do you need to contribute each month to reach the personal nest egg in Row J?										
K. Enter the value of your current retirement savings and investments.								\$20,000		
L. Estimate the potential value of your current retirement savings and investments at retirement. First, assume a rate of return (5% or 7%) your investments might earn between today and the day you retire. Multiply row K by the appropriate factor in the table to the right. Example: \$20,000 x 3.9 = \$78,000				Number of Years Until You Retire		5%	7%		\$78,000	
				5		1.3	1.4			
				10		1.6	2.0			
				15		2.1	2.8			
				20		2.7	3.9			
				25		3.4	5.4			
				30		4.3	7.6			
M. Subtract row L from row J. Example: \$369,360 - \$78,000 = \$291,360								\$291,360		
N. Estimate the amount you must contribute each month to reach the remaining nest egg goal in Row M. Divide Row M by the appropriate factor in the table below. Example: \$291,360 ÷ 510.4 = \$570.85								\$570.85		
Number of Years Until You Retire:			5	10	15	20			25	30
Assume a rate of return (5% or 7%) your investments might earn between today and the day you retire.	5%	68.1	155.0	265.9	407.5	588.1			818.7	
	7%	71.6	172.0	312.9	510.4	787.5			1,176.1	
The Goal Setting Worksheet is intended for estimating purposes only and should not be construed as advice.										